

August 1, 2013



## **/CORRECTION -- Arabian American Development Co./**

In the news release, Arabian American Releases Second Quarter 2013 Results, issued 01-Aug-2013 by Arabian American Development Co. over PR Newswire, we are advised by the company that in the Earnings Call section, second paragraph, last sentence, the pin number for the replay should read "4630664" rather than "4611869" as originally issued inadvertently. The complete, corrected release follows:

### **Arabian American Releases Second Quarter 2013 Results**

#### **Earnings Call to be Held Today at 4:30 pm EDT**

SUGAR LAND, Texas, Aug. 1, 2013 /PRNewswire/ -- Arabian American Development Co. (NYSE:ARSD), a leading provider of high purity specialty chemicals and minority owner of the Al Masane Al Kobra Mining Company ("AMAK"), released their financial results for the second quarter ended June 30, 2013.

#### **Financial Results**

Revenue for the second quarter was \$56.0 million, a 9.5% decrease from the second quarter of 2012 revenue of \$61.8 million and a 6.1% sequential increase as compared to the first quarter of 2013. The second quarter 2013 decrease in revenue was due to a decline in volume as noted below.

Volume for the quarter was 15.7 million gallons compared to 17.2 million gallons, a decrease of 8.6% from the second quarter of 2012, but up 6.7% from the previous quarter. Volume declined from 2012 primarily due to significant reductions in sales to two customers, lower byproduct sales, and a significant increase in deferred sales which are not recognized until the customer accepts delivery of the product and title has transferred. Deferred sales increased by 59.1% from Q2 2012 to Q2 2013.

Total gross profit for Q2 2013 was \$8.6 million as compared to \$8.4 million in the same period last year. The gross profit margin for the quarter was 15.3% compared to 13.5% in the year-ago period. Margins improved primarily due to improved feedstock composition, higher byproduct pricing and increased operating efficiencies.

Due to the completion of AMAK's equity raise during the second quarter of 2013, a gain on the additional issuance of \$4.0 million was recognized in addition to \$0.7 million in equity in earnings from AMAK. For the same period in 2012, \$0.3 million was recognized for equity in losses from AMAK.

EBITDA for the second quarter of 2013 was \$10.6 million compared to \$6.2 million last year. Adjusted EBITDA which removes the effects of AMAK for comparative purposes for the

second quarter of 2013 was \$5.9 million compared to \$6.5 million in 2012.

Net income attributable to Arabian American in the second quarter was \$6.3 million, or \$0.26 per basic and diluted share compared to a restated \$3.5 million, or \$0.14 per basic and diluted share in Q2 2012.

Cash at the end of the quarter was \$4.7 million compared to \$9.5 million as of December 31, 2012. Cash used in investing activities during the first six months was approximately \$8.9 million primarily due to the additional equity purchased in AMAK of \$7.5 million and additions to plant, pipeline and equipment of \$3.1 million which represents an increase of approximately \$4.1 million over the corresponding period in 2012.

"We are pleased with the overall progress in our business. Sequentially our volumes were up as expected," said Nick Carter, President and Chief Executive Officer of Arabian American. "The uptick reflects our normal business pattern due to seasonality. Perhaps more importantly, our margins improved in the quarter through a combination of better feedstock composition and operational efficiencies at our petrochemical facility. Our team at South Hampton Resources has worked diligently to produce these improved results."

Mr. Carter continued, "We are happy to report that the AMAK mine is operating at full capacity and in line with the economic assessment. The gold dore circuit is undergoing test runs and should be operational prior to the end of the year. This will add additional revenue to the project and will be another step in getting the economics fine-tuned. Overall, it is becoming a producing investment for shareholders that we believe will continue to contribute to our net income in 2013."

## **Earnings Call**

The conference call and presentation slides will be simulcast live on the Internet, and can be accessed by going to the investor relations section of the Company's website at <http://www.arabianamericandev.com>. A replay of the call will also be available through the same link. The webcast replay will be available for one month after the call.

To participate via telephone, callers should dial in five to ten minutes prior to the 4:30 pm Eastern start time; domestic callers (U.S. and Canada) should call 1-877-941-4775 or 1-480-629-9761 if calling internationally. Playback will be available until midnight Eastern Time, Aug 1, 2013. To listen to the playback, please call 1-877-870-5176 if calling within the United States or 1-858-384-5517 if calling internationally. Use pin number 4630664 for the replay.

## **About Arabian American Development Company (ARSD)**

ARSD owns and operates a petrochemical facility located in southeast Texas, just north of Beaumont which specializes in high purity petrochemical solvents and other solvent type manufacturing. The Company is also the original developer and a 35% owner of Al Masane Al Kobra Mining Co., a Saudi Arabian joint stock company.

## **Use of Non-GAAP Measures**

The Company reports its financial results in accordance with U.S. generally accepted accounting principles ("GAAP"). This press release contains the non-GAAP measures: EBITDA and Adjusted EBITDA. Our non-GAAP measures are not meant to be considered

in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

### **Forward-Looking Statements**

Statements in this press release that are not historical facts are forward looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward looking statements are based upon our belief, as well as, assumptions made by and information currently available to us. Because such statements are based upon expectations as to future economic performance and are not statements of fact, actual results may differ from those projected. These risks, as well as others, are discussed in greater detail in Arabian American's filings with the Securities and Exchange Commission, including Arabian American's Annual Report on Form 10-K/A for the year ended December 31, 2012, and the Company's subsequent Quarterly Reports on Form 10-Q. All forward-looking statements included in this press release are based upon information available to the Company as of the date of this press release.

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-Tables follow-

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30,	DECEMBER 31,
<u>2013</u>	<u>2012</u>
(unaudited)	

ASSETS

(thousands of dollars)

**Current Assets**

Cash and cash equivalents	\$ 4,726	\$ 9,508
Trade receivables, net	21,081	15,802
Advance to AMAK	443	2,162
Inventories	12,316	9,840
Prepaid expenses and other assets	2,089	1,561
Contractual based intangible assets, net	230	250
Taxes receivable	-	1,182
Deferred income taxes	<u>1,025</u>	<u>1,054</u>
Total current assets	41,910	41,359
<b>Plant, pipeline and equipment , net</b>	41,099	40,420
<b>Investment in AMAK</b>	53,091	37,894
<b>Mineral properties in the United States</b>	588	588
<b>Contractual based intangible asset, net of current portion</b>	-	104
<b>Other assets</b>	<u>11</u>	<u>11</u>
<b>TOTAL ASSETS</b>	\$ 136,699	\$ 120,376

**LIABILITIES****Current Liabilities**

Accounts payable	\$ 5,959	\$ 6,306
Accrued interest	98	96
Current portion of derivative instruments	272	301
Accrued liabilities	3,296	2,699
Accrued liabilities in Saudi Arabia	140	140
Current portion of post-retirement benefit	273	269
Current portion of long-term debt	1,500	1,500
Current portion of other liabilities	<u>828</u>	<u>880</u>
Total current liabilities	12,366	12,191
<b>Long-term debt , net of current portion</b>	17,539	14,239
<b>Post-retirement benefit , net of current portion</b>	649	649
<b>Derivative instruments , net of current portion</b>	424	592

<b>Other liabilities</b> , net of current portion	391	379
<b>Deferred income taxes</b>	<u>11,283</u>	<u>10,094</u>
<b>Total liabilities</b>	<u>42,652</u>	<u>38,144</u>
<b><u>EQUITY</u></b>		
<b>Common stock</b> -authorized 40 million shares of \$.10 par value; issued and outstanding 23.8 million shares in 2013 and 2012	2,382	2,381
<b>Additional paid-in capital</b>	45,383	44,791
<b>Accumulated other comprehensive loss</b>	(453)	(580)
<b>Retained earnings</b>	<u>46,446</u>	<u>35,351</u>
Total Arabian American Development Company Stockholders' Equity	93,758	81,943
Noncontrolling Interest	<u>289</u>	<u>289</u>
<b>Total equity</b>	<u>94,047</u>	<u>82,232</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	\$ 136,699	\$ 120,376

**ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	<b>THREE MONTHS ENDED</b>		<b>SIX MONTHS ENDED</b>	
	<b><u>JUNE 30,</u></b>		<b><u>JUNE 30,</u></b>	
	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
		<i>(restated)</i>		<i>(restated)</i>
	<i>(thousands of dollars)</i>			
<b>REVENUES</b>				
Petrochemical Product Sales	\$ 54,762	\$ 60,671	\$ 106,382	\$ 116,499
Processing Fees	<u>1,213</u>	<u>1,178</u>	<u>2,338</u>	<u>2,144</u>
	55,975	61,849	108,720	118,643
<b>OPERATING COSTS AND EXPENSES</b>				
Cost of Sales and Processing				
(including depreciation of \$838, \$749, \$1,663, and \$1,473, respectively)	<u>47,408</u>	<u>53,482</u>	<u>93,474</u>	<u>103,558</u>

<b>GROSS PROFIT</b>	8,567	8,367	15,246	15,085
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>				
General and Administrative	3,452	2,646	6,957	5,633
Depreciation	<u>131</u>	<u>125</u>	<u>260</u>	<u>249</u>
	<u>3,583</u>	<u>2,771</u>	<u>7,217</u>	<u>5,882</u>
<b>OPERATING INCOME</b>	4,984	5,596	8,029	9,203
<b>OTHER INCOME (EXPENSE)</b>				
Interest Income	--	--	1	--
Interest Expense	(123)	(150)	(238)	(315)
Losses on Cash Flow Hedge Reclassified from OCI	(80)	(92)	(158)	(185)
Equity in earnings (loss) of AMAK	4,732	(302)	7,696	(515)
Miscellaneous Income (Expense)	<u>(69)</u>	<u>(2)</u>	<u>(89)</u>	<u>(77)</u>
	<u>4,460</u>	<u>(546)</u>	<u>7,212</u>	<u>(1,092)</u>
<b>INCOME BEFORE INCOME TAXES</b>	9,444	5,050	15,241	8,111
<b>INCOME TAXES</b>	<u>3,135</u>	<u>1,578</u>	<u>4,146</u>	<u>2,644</u>
<b>NET INCOME</b>	6,309	3,472	11,095	5,467
<b>NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST</b>	=	=	=	=
<b>NET INCOME ATTRIBUTABLE TO ARABIAN AMERICAN DEVELOPMENT COMPANY</b>	\$ 6,309	\$ 3,472	\$ 11,095	\$ 5,467
<b>Basic Earnings per Common Share</b>				
Net Income Attributable to Arabian American Development Company (dollars)	\$ 0.26	\$ 0.14	\$ 0.46	\$ 0.23
Basic Weighted Average Number of Common Shares Outstanding	24,110	24,084	24,108	24,064
<b>Diluted Earnings per Common Share</b>				
Net Income Attributable to Arabian American Development Company (dollars)	\$ 0.26	\$ 0.14	\$ 0.45	\$ 0.22
Diluted Weighted Average Number of Common Shares Outstanding	24,652	24,761	24,655	24,762

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES RECONCILIATION OF SELECTED GAAP MEASURES TO NON-GAAP MEASURES <sup>(1)</sup>

	THREE MONTHS ENDED	
	<u>30-Jun</u>	
	<u>2013</u>	<u>2012</u>
		<i>(restated)</i>
	<i>(thousands of dollars)</i>	
<b>NET INCOME</b>	\$ 6,309	\$ 3,472
Add back:		
Interest	203	242
Taxes	3,135	1,578
Depreciation	131	125
Depreciation in Cost of sales	838	749
<b>EBITDA</b>	\$ 10,616	\$ 6,166
Less:		
Equity in (earnings) loss of AMAK	(4,732)	302
<b>Adjusted EBITDA</b>	\$ 5,884	\$ 6,468

(1) This press release includes non-GAAP measures. Our non-GAAP measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP.

SOURCE Arabian American Development Co.